

BILL ANALYSIS

S.B. 902
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Environmental Regulation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Section 86.185 (Restrictions on Release of Gas in Air: Gas Wells in General), Natural Resources Code, permits the release of gas into the atmosphere during gas drilling completion processes, representing the largest source of emissions from the gas well sites. This pollution is largely preventable with the use of a separator and a sand shaker to divert gas to a sales line as soon as possible. Dallas-Fort Worth is a non-attainment area in terms of air quality and must implement significant changes to ensure that the long-term costs of gas production in the Barnett Shale do not outweigh the benefits. Through proper planning, the cost to operators is offset by the value of the recovered natural gas that would otherwise be vented or flared into the atmosphere. In addition, it furthers the Railroad Commission's goal of preventing waste of natural gas. The current rules have not been amended since 1977, and current technology allows a more environmentally friendly option.

S.B. 902 amends current law to restrict the release into the air of natural gas and associated vapors from a gas well in certain populous counties.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Railroad Commission of Texas in SECTION 2 (Section 86.186, Natural Resources Code) of this bill.

ANALYSIS

SECTION 1. Amends Section 86.185, Natural Resources Code, as follows:

Sec. 86.185. New heading: RESTRICTIONS ON RELEASE OF GAS IN AIR: GAS IN WELLS IN GENERAL. (a) Provides that this section does not apply to a gas well to which Section 86.186 applies.

(b) Creates this subsection from existing text.

SECTION 2. Amends Subchapter F, Chapter 86, Natural Resources Code, by adding Section 86.186, as follows:

Sec. 86.186. RESTRICTIONS ON RELEASE OF GAS IN AIR: GAS WELLS IN CERTAIN POPULOUS COUNTIES. (a) Provides that this section applies only to a gas well located in a county that has a population of more than 1.4 million and is located wholly or partly above a hydrocarbon-producing geological formation in which during 2008 the Railroad Commission of Texas (commission) issued more than 1,000 drilling permits authorizing wells to be completed.

(b) Requires the operator, after fracturing or refracturing a gas well that the operator anticipates completing or recompleting, to employ appropriate processes to minimize the release into the air of gas and associated vapors from the well.

(c) Requires the operator of a gas well to deliver all salable gas to a sales line as soon as the pressure of the gas at the wellhead is sufficient to permit the gas to flow into the line or shut in the well and conserve the gas.

(d) Requires the operator of a gas well that has access to a sales line to employ means or methods that minimize the release into the air of gas and associated vapors from the well when gas from the well is permitted to flow during the completion or recompletion of the well, except that the commission may authorize the release if the operator of the well or of another facility presents information to the commission showing the necessity for the release. Requires the amount of gas flared or vented under the commission's authority to be charged to the operator's allowable production. Provides that a necessity includes the following situations:

(1) to avoid endangering the safety of persons performing work on the well or of the public;

(2) to comply with an oil or gas lease entered into before September 1, 2009;

(3) to repair or modify a gas-gathering system;

(4) the composition of the gas does not meet the minimum quality standards of the gatherer of the gas;

(5) the pressure of the gas at the wellhead is insufficient to permit the gas to flow into the sales line or another circumstance occurs that is beyond the control of the operator of the well; or

(6) other circumstances or conditions determined by the commission to be relevant to the goal of preventing waste or protecting the public interest.

(e) Requires the commission to adopt rules to implement this section. Provides that rules adopted under this subsection must require an operator to provide a statement on a form prescribed by the commission evidencing compliance with this section; must require a procedure to be prescribed for obtaining commission authorization of the release into the air of gas and associated vapors from a gas well; and may limit the period for which gas and associated vapors from a gas well may be released into the air with commission authorization.

(f) Authorizes the municipality in which a gas well is located to monitor the operator's compliance with this section. Authorizes a municipality to adopt an ordinance to implement this subsection.

SECTION 3. Amends Section 86.012(a), Natural Resources Code, to redefine "waste."

SECTION 4. Effective date: upon passage or September 1, 2009.

EFFECTIVE DATE

Immediately, or if this Act does not receive the necessary vote, September 1, 2009.